

DATE: January 17, 2019

TO: State Transportation Commission

FROM: Jack Cotter, CPA, CGMA
Commission Auditor
Office of Commission Audits

SUBJECT: State Transportation Commission Agenda – Exhibit A
January 17, 2019

As information requested by the Commission, the Office of Commission Audits (OCA) notes in Attachment 1, the Schedule of Receivables Outstanding, that Exhibit A includes entities that have owed the department funds exceeding \$20,000 for more than 120 days. Attachment 1 shows relevant information regarding the receivables as of January 8, 2019.

Also, Guidance Document 10044, *Processing Audit Requests and Auditor's Reports on Contractual Agreements*, requires the department to process OCA auditor's reports within 120 days of issuance. As of January 8, 2019, Exhibit A does not include any entities for which auditor's reports were not processed within the required timeline.

Jack Cotter, CPA, CGMA
Commission Auditor

Attachment

cc: T. Hagon

Office of Commission Audits
Schedule of Receivables Outstanding
Receivables Issued Prior to September 10, 2018
As of January 8, 2019

<u>Entity</u>	<u>Reference No.</u>	<u>Type of Receivable</u>	<u>Outstanding</u>	<u>Invoice Date(s)</u>
City of Detroit	Items 1 and 2	Maintenance Audit	\$ 16,509	June 1, 2017
		Traffic Signal Maintenance	119,464	September 13, 2012 to June 6, 2018
		Local Progress Billing	<u>4,341,372</u>	November 30, 2017 to August 31, 2018
		Total	<u>\$4,477,345</u>	

Comments:

The \$4,477,345 balance represents a net increase of \$3,931,316 in the department's receivables outstanding for more than 120 days since July 20, 2017, which is the last time the city was on the State Transportation Commission's meeting agenda.

Local agencies and MDOT continue to develop SIGMA billing procedures. There is a large amount due MDOT, from multiple local agencies, since the inception of SIGMA on October 1, 2017. Finance remains involved with determining SIGMA's system capabilities. Local progress billing amounts due MDOT will likely be an issue for the foreseeable future, until MDOT and local agencies finalize billing procedures and underlying agreements and adjust to the new SIGMA billing format.

<u>Entity</u>	<u>Reference No.</u>	<u>Type of Receivable</u>	<u>Outstanding</u>	<u>Invoice Date(s)</u>
County of Wayne	Item 3	Local Progress Billing	<u>\$ 749,549</u>	November 30, 2017 to June 29, 2018

Comments:

As the receivable relates to invoicing a local unit of government since the inception of SIGMA, please refer to the SIGMA discussion in the comment above regarding the city of Detroit.

Office of Commission Audits
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<u>Entity</u>	<u>Reference No.</u>	<u>Type of Receivable</u>	<u>Outstanding</u>	<u>Invoice Date(s)</u>
Regional Transit Authority of Southeast Michigan	Item 9	Overpayment	<u>\$ 142,698</u>	August 28, 2018
<u>Comments:</u> Regional Transit Authority of Southeast Michigan received an overpayment for local bus operating funds. MDOT issued an invoice for the overpayment on August 28, 2018 and expected payment from the Authority within 30 days. The Office of Passenger Transportation (OPT) stated that the Authority intends to pay the invoice by January 25, 2019.				